

Financial Management Guide

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DEVELOPMENT OF A MASTER PROGRAMME IN THE MANAGEMENT OF INDUSTRIAL
ENTREPRENEURSHIP FOR TRANSITION COUNTRIES

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This document (based on the discontinued 'Guidelines for the Use of Grant') is intended for information purposes only and it is in no case legally binding.

Introduction

The financial support to CBHE projects is based on an estimated budget combining contribution to unit costs and real costs.

The word "Grant" refers to the amount of financing that may be requested from the program, representing the European Union financial contribution to the project, and should not be mistaken with the total costs of a project which also includes co-funding from the Partner institutions and external stakeholders.

The Grant is calculated on the basis of Actual costs for the budget headings Equipment and Subcontracting, and of Unit Costs for the budget headings Staff costs, Travel costs and Costs of stay.

The financial rules for the management of the Grant are detailed below.

General provisions

Co-financing principle

The principle of co-financing operates in all CBHE projects, in particular in the unit costs used to calculate the Grant of the project. According to the European Union Financial Regulation, grants shall always involve co-financing. This means that the resources which are necessary to carry out the project shall not be provided entirely by the EU contribution.

In application of the co-financing principle, the amount of the Grant awarded has to be considered as a contribution to cover part of the costs incurred by the Beneficiary institutions to carry out the activities foreseen in the project, and should not be mistaken with the total costs of the project which also include co-financing from the Partner institutions.

In practical terms, the implementation of the CBHE project may require other types of expenditures, not specifically foreseen and included in the budget of the Grant (such as costs for dissemination, publishing, translation if not sub-contracted, overheads costs, bank fees etc.), that are supposed to be covered by co-financing. It is important to note that these expenditures covered by the co-financing will not be taken into account for the final calculation of the Grant and therefore will not have any financial impact on it.

Budget transfers and flexibility of budget headings

As specified in Article I.14 of the Grant Agreement, the Coordinator may, in agreement with the Beneficiaries, when carrying out the action, adjust the estimated budget as shown in Annex III by transfers between budget headings, provided that:

- this adjustment of expenditure does not affect the implementation of the action,
- the amount indicated in Annex III of the Grant Agreement for one or more of the budget headings is not increased by more than 10 %, and
- the total estimated budget indicated in Article I.3 of the Grant Agreement is not exceeded.

In practice, this means that in the final report, the maximum amount declared under a budget heading can be 110% of the authorised amount as indicated in Annex III of the Grant Agreement for the budget heading in question without prior authorisation required.

The corresponding increases as well as any significant decrease of expenditure under a given budget heading should however be justifiable with regards to the objectives and overall funding of the project.

For increasing the budget heading by more than 10% and 'Amendment to the Grant Agreement' will be required. The maximum Grant as specified in Article I.3 can never be exceeded.

Pre-financings

Upon entry into force of the Grant Agreement, a pre-financing payment of 50% of the maximum amount specified in Article I.3 of the Grant Agreement was paid to the Coordinator.

A second pre-financing payment of 40% of the maximum amount specified in Article I.3 shall be paid to the Coordinator upon the submission and approval of the Progress Report and Financial Statement (statement on the use of the previous pre-financing). The request for the second pre-financing must be submitted within 6 months from end of the first reporting period (15/07/2021 to 14/09/2021). The amount can be lower than 40% of the maximum Grant awarded if the actual budget spent is below 70% of 1st pre-financing paid.

Transfers and reimbursement procedures

The transfers of the Grant pre-financings allocated to each Beneficiary will be carried out in four instalments:

- 1st instalment: 25% of Erasmus+ grant contribution allocated to the Beneficiary.
- 2nd instalment: 25% of Erasmus+ grant contribution allocated to the Beneficiary
- 3rd instalment: 20% of Erasmus+ grant contribution allocated to the Beneficiary
- 4th instalment: 20% of Erasmus+ grant contribution allocated to the Beneficiary

The last payment will correspond to the difference between real/approved eligible costs within respective budget categories and the already paid out pre-financing instalments during the

project lifetime. Should this difference be negative (i.e. the Beneficiary has received more resources in pre-financing instalments than finally proved within eligible costs), the Beneficiary shall return non-used financial resources back to the Coordinator.

Any expenses incurred by the Coordinator on behalf of a Beneficiary will be deducted from the transfers.

The payment conditions in terms of timing, requirements, form and destination are defined in the bilateral Partnership Agreements signed with each Beneficiary.

Following the guidelines of the Agency, it is mandatory that all transfers to project Beneficiaries are made via bank transfers and that all the bank statements are kept with the project accounts.

The Partnership should take appropriate measures to ensure that all payments are perfectly traceable, identifiable and verifiable until the final recipient.

Reporting obligations/modalities

Reporting to the EACEA

Reporting on the project's progress and achievements to the Agency is both a crucial and a beneficial part of the project management process. It is a contractual obligation that has to be fulfilled by all the Beneficiaries. There are two reporting periods:

- 1st reporting period: from month 1 (15/01/2020) to month 18 (14/07/2021).
- 2nd reporting period: from month 1 (15/01/2020) to the end of the project.

As laid out in Article II.2.3 of the Grant Agreement the Coordinator shall bear responsibility for supplying to the Agency all documents and information which may be required under the Grant Agreement. Where information is required from the other Beneficiaries, the Coordinator is responsible for obtaining and verifying this information before passing it on to the Agency.

Although it is the Coordinator's responsibility to submit the reports and their mandatory supporting documents to the EACEA in due time, the completion of the reports and the validation of the information they contain is a responsibility that falls under each of the Beneficiaries that compose the project Partnership. As a result, the preparation, drafting, circulation and final validation of the report's content - and more particularly for what concerns the description of the activities and the justification on the use of the Grant – is an exercise that must be launched well in advance of the report's submission deadline and it's ultimately a task that must be carried out jointly.

Once the assessment is complete, the Agency will inform the project Coordinator with an evaluation letter.

Progress report on the implementation of the action (half-way through the eligibility period)

The Progress Report on the implementation of the action will have to be submitted within two months of the halfway point of the project's eligibility period (15/07/2021 to 14/09/2021).

Reporting will be done using templates provided by the Agency and will consist of the following:

- a "Progress report on the implementation of the action" (description of the progress made, statistics and indicators, tables of achieved/planned outcomes, etc.)
- a "Statement on the use of the previous pre-financing instalment (Financial Statement)"

The "Statement on the use of the previous pre-financing instalment" represents an overall financial overview of the use of the Grant until the date of the submission of the progress report. No financial supporting documents need to be submitted unless otherwise specified or requested by the Agency. The eligibility of the expenses declared in this Statement will only be verified following the submission of the final report and the required supporting documents.

As a result, the approval of the progress report on the implementation of the action refers exclusively to the acknowledgement of the project activities but does not imply the eligibility of the indicated expenses.

Final report (two months after the end of the contractual period)

The Final report will have to be submitted at the latest two months after the end of the contractual period (14/03/2022)

Reporting will be done using the templates provided by the Agency. It will consist on the following:

- Final report on the implementation of the action (description of the results and achievements, statistics and indicators, table of achieved outcomes, etc.).
- Final Financial Statement and Request for payment
- Mandatory (Audit) Certificate on the financial statements and underlying accounts ("Report of Factual Findings on the Final Financial Report – Type II") as specified under Annex VII of the Grant Agreement.

During the course of the evaluation of the Final report, the Agency may request that the Beneficiaries provide additional supporting documents. In that case, the payment will be suspended, as explained in Article II.24.1 of the Grant Agreement. For ease of reference and assessment, supporting documents should be numbered in conformity with the Final Financial statement.

Internal Reporting

There will be six internal reporting periods. The Partners will report to the Coordinator every six months:

- 1st reporting period: January 15th 2020 to July 14th 2020. Due date: July 30th 2020.
- 2nd reporting period: July 15th 2020 to January 14th 2021. Due date: January 30th 2021.
- 3rd reporting period: January 15th 2021 to July 14th 2021. Due date: July 30th 2021.
- 4th reporting period: July 15th 2021 to January 14th 2022. Due date: January 30th 2022.
- 5th reporting period: January 15th 2022 to July 14th 2022. Due date: July 30th 2022.
- 6th reporting period: July 15th 2022 to January 14th 2023. Due date: January 30th 2023.

For each period, the Partners shall submit all the required supporting documents, as specified below under the sections dedicated to each of the budget headings (additional documents may be requested if necessary). Originals of this documents must be kept by the Beneficiaries for a period of at least 5 years. Readable/digital copies will also be kept by the Coordinator with the project documentation and may be submitted to the Agency when specifically requested.

Submitting the required supporting documents is an integral part of the Grant Agreement obligations and failure to submit one or more documents may lead to a request for reimbursement of the corresponding expenses/unit costs contribution.

Financial Management of the Grant

Eligible Costs

As specified in Article II.19.1 of the Grant Agreement, "Eligible costs" of the action are costs actually incurred by the Beneficiary which meet the following criteria:

- they are incurred during the eligibility period, with the exception of costs relating to the preparation of the final report and the corresponding supporting documents;
- they are foreseen and included in Annex III of the Grant Agreement;
- they are incurred in connection with the action as described in Annex I of the Grant Agreement and are necessary for its implementation;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary and determined according to the applicable accounting standards of the country where the Beneficiary is established and with the usual cost accounting practices of the Beneficiary;
- they comply with the requirements of applicable tax and national legislation;
- they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

Additional instructions on the eligible costs of the grant are given under the respective budget headings.

Ineligible Costs

As specified in Articles I.9 and II.19.4 of the Grant Agreement the following costs are not considered eligible:

- equipment such as: furniture, motor vehicles of any kind, equipment for research and development purposes, telephones, mobile phones, alarm systems and anti-theft systems;
- costs of premises (purchase, rent, heating, maintenance, repairs etc.); please note that the rent of premises for short events is not concerned;
- costs linked to the purchase of real estate;
- expenses for activities that are not carried out in the project beneficiaries' country (see Annex IV of the Grant Agreement), unless an explicit prior written authorisation has been granted by the Agency;
- depreciation costs;
- return on capital;
- debt and debt service charges;
- provisions for losses or debts;
- interest owed;
- doubtful debts;
- exchange losses;
- costs of transfers from the Agency charged by the bank of a Beneficiary;
- costs declared by a Beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Agency for the purpose of implementing the Union budget);
- contributions in kind from third parties;
- excessive or reckless expenditure;

Unit Costs

Financial reporting for budget items based on unit costs (contribution to staff costs, travel costs and costs of stay) will be based on the principle of the "triggering event". Beneficiaries will have to prove that the activities have been actually and properly implemented and/or that the expected output(s) have been produced but they will not have to justify the level of spending. These activities must be implemented during the eligibility period set out in the Grant Agreement.

A unit cost is a fixed contribution which is multiplied by the specific number of units to cover the costs linked to the implementation of a specific activity or task. The unit costs to be applied are defined in the Erasmus+ Program Guide.

In cases of non-implementation of a project activity due to "force majeure" reason, duly justified and approved by the Agency in a case-by-case approach, the reimbursement of incurred costs would be made in line with the applicable unit cost.

Staff Costs

This budget heading contributes to the cost of staff for all Beneficiaries in relation to the performance of tasks which are directly necessary to the achievement of the objectives of the project. These costs are supported on the basis of unit costs.

The existence of a formal contractual relationship between the employee and the Beneficiary institutions is required. The employee must be part of the payroll system of the Beneficiary institution.

Salaries of non-permanent staff (e.g. staff specifically recruited for the project and/or not appearing in the payroll system) may be charged to the project if the individual concerned fulfils all these conditions:

- works exclusively for the Beneficiary during the period covered by his/her contract;
- is submitted to the same rights and obligations for what concerns his/her working conditions than normal staff under the payroll;
- is under a clear and direct subordination and supervision of the Beneficiary concerned.

In case of doubt, it's highly advisable to consult the Coordinator and/or the Agency and to obtain a formal confirmation.

The unit costs to be applied for Staff costs are those defined in the table in the Erasmus+ Program Guide and take into account these variables: the type of staff category, the country in which the staff member is employed, and the number of days worked for the project. Each unit cost corresponds to an amount in Euro per working day per staff.

The applicable staff categories are the following:

- Managers (including legislators, senior officials and managers) carry out top managerial activities related to the administration and coordination of project activities.
- Researchers, teachers and trainers (RTT) typically carry out academic activities related to curriculum/training programme development, development and adaptation of teaching/training materials, preparation and teaching of courses or trainings.
- Technical staff (including technicians and associate professionals) carries out technical tasks such as book-keeping, accountancy, in-house translation activities.
- Administrative staff (including office and customer service clerks) carries out administrative tasks such as secretarial duties.

The Staff category to be applied will depend on the work to be performed in the project and not on the status or title of the individual. For example, staff carrying out an administrative task should be reported under the category "Administrative staff".

The unit cost to be applied is the one corresponding to the country in which the staff member is employed, independently of where the tasks will be executed (i.e. a staff member of an organisation of country A working (partly) in country B will be considered for the unit costs under country A).

The calculation of the Grant is based exclusively on the application of the unit costs and is independent from the actual remuneration of the staff involved.

The Staff costs are calculated by multiplying the unit cost (corresponding to the applicable category of country and staff) by the total number of days spent on the implementation of the project per person. One working day is defined according to the applicable national legislation.

Declared working days per individual **should not exceed 20 days per month or 240 days per year.**

The contribution to Staff may not exceed 40% of the maximum Grant as specified in Article I.3 of the Grant Agreement.

Supporting Documents

Beneficiaries do not need to justify the level of spending. For activities funded with unit costs, the supporting documents will have to demonstrate that the volume and/or the nature of the activities actually implemented, justify the number of unit costs charged to the Grant.

For the purpose of any financial evaluation and/or audit, Beneficiaries will have to retain with the project accounts the following supporting documents:

- The existence of a formal contractual relationship between the employee and the employer. Furthermore, for non-permanent staff and/or not appearing in the payroll system, the Beneficiary must be able to demonstrate that the conditions defined above have been fulfilled.
- A duly filled-in Joint Declaration for each person. The Joint Declaration must be signed by the person performing the activity then countersigned and stamped by the person directly responsible (e.g. rector, dean) in the institution that employed this person. For staff performing different categories of tasks a separate convention must be signed for each type of activity.
- Time-sheets have to be attached to each Joint Declaration. They must be signed by the person concerned and countersigned by the person directly responsible in the institution that employed this person.

For staff costs calculated by the application of unit costs, it is not necessary to provide justifications to prove the level of expenses. Therefore, no supporting documents regarding hourly/daily/monthly rates have to be provided.

Travel costs and Costs of Stay

This budget heading contributes to the costs of travel and stay for staff participating in activities directly related to the achievement of the project. Contractual relationship between the employee and the Beneficiary institutions is required in order to participate to any travel. These costs are covered on the basis of unit costs.

The unit costs to be applied are those defined in Erasmus+ Program Guide and are calculated taking into account the following variables: the travel distance (for travel costs) and the duration in days (for costs of stay).

Prior written authorisation from the Agency is required for activities and their corresponding travel costs and costs of stay which are not taking place in or between countries represented in the Partnership.

Any category of staff (e.g. managers, RTT, technical and administrative staff) under official contract with the Beneficiary institutions and involved in the project may benefit from financial

support for travel and subsistence provided it is directly necessary to the achievement of the objectives of the project.

The travel costs and costs of stay related to subcontracted service providers have to be declared under the sub-contracting budget heading and be justified and documented accordingly.

Except in the case of existence of a national law which states the contrary, Beneficiary institutions should not suspend payment of normal salaries to their staff during time spent travelling within the framework of the project.

Prior written authorisation from the Agency is required if the staff concerned intends to carry out activities not specified in the original project application.

Supporting documents:

Beneficiaries do not need to justify the level of spending. For activities funded with unit costs, the supporting documents will have to demonstrate that the volume and/or the nature of the activities actually implemented, justify the number of unit costs charged to the Grant.

For the purpose of any financial evaluation and/or audit, Beneficiaries will have to be able to justify/prove the following elements:

- The journeys actually took place.
- The journeys are connected to specific and clearly identifiable project-related activities.

The following supporting documents must be retained with the project accounts:

A duly filled-in Individual Travel Report. Supporting documentation will have to be attached to each travel report in order to demonstrate the fact that the travel and the activity actually took place (e.g. travel tickets, boarding passes with points of departure and destination, dates and name of the person travelling, invoices, receipts, proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings). It will not be necessary to prove the actual cost of the travel.

Specific rules for Travel Costs

The Grant contributes to the travel of staff involved in the project, from their place of origin (home institution within the Partnership) to the venue of the activity and return (including visa fee and related obligatory insurance, travel insurance and cancellation costs if justified). Financial support will be provided only for travels that are directly related to the achievement of the objectives of the project. Activities and related travels must be carried out in the project Beneficiaries' countries. Any exception to this rule must be authorised by the Agency.

The unit costs for travel also cover cancellation costs. Therefore, it is strongly recommended to purchase travel tickets including cancellation insurance. Except for cases of force majeure or exceptional and duly justified cases (where prior written authorisation from the Agency will be required), only unit costs for travel which actually took place can be reported and charged to the project.



For each participant, the Grant is calculated by applying for each travel the unit cost corresponding to the applicable distance band. Each unit cost corresponds to a fixed amount in Euro per travel per person.

In order to apply the correct unit cost, the Beneficiary must identify the travel distance of a one-way travel (from their place of origin - home institution within the Partnership - to the venue of the activity) using the distance calculator supported by the European Commission (https://ec.europa.eu/programmes/erasmus-plus/resources/distance-calculator_en). The travel distance identified will be used to calculate the corresponding unit cost. Each unit cost applied will contribute to the costs of travel for the round trip, regardless of the expenses actually incurred.

If the place of departure is different from the place of the home institution, a prior authorisation from the Agency is needed.

In the context of a circular travel (e.g.: a participant leaves his/her place of departure A in order to participate in a project activity in another location B, and then leaves B to participate immediately in a second project activity in a third location C, before returning directly to his/her place of departure A), the Grant contribution to the travel costs will be calculated with the sum of:

$$\begin{aligned} & \text{The unit cost amount corresponding to the distance band from A to B} \\ & \qquad \qquad \qquad + \\ & \text{The unit cost amount corresponding to the distance band from B to C} \end{aligned}$$

In case of circular travel, the final travel (in order for the participant to return to his/her original place of departure) is never taken into account for the calculation of the Grant contribution to the travel costs. This is due to the fact that the unit cost amounts used for calculating the Grant contribution are already covering return trips.

Please note that the notion of circular travel implies a project activity in each destination and does not apply to air travels with stopover(s).

Specific rules for Costs of Stay

Costs of stay can be reported for staff involved in the project for activities taking place outside the city of the participant's home institution. These costs contribute to the subsistence, accommodation, local and public transport such as bus and taxi, personal or optional health insurance. Financial support will be provided only for costs of stay that are directly related to the achievement of the objectives of the project.

For each staff, the Grant is calculated by applying the unit cost corresponding to the applicable duration of the activities (in days), up to the 14th day of activity / between the 15th and 60th day / between the 61st day and up to 3 months. Each unit cost corresponds to a fixed amount in Euro per day per participant.

In order to apply the correct unit cost, the Beneficiary must identify the duration in days of the activity (including the travel from their place of origin to the venue of the activity and vice-

versa)¹³ and apply the corresponding unit costs as defined in the Erasmus+ Program Guide. Each unit cost applied will contribute to the costs of stay regardless of the expenses actually incurred.

Actual Costs

Financial reporting for budget items based on actual costs (equipment, sub-contracting) will be based on the principle of the expenses actually incurred which will need to be duly documented.

Beneficiaries will have to keep the documentation with the project accounts as specified in each budget heading. In addition, they should in particular ensure in case of control and/or audit visits that the declared costs are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary and that they comply with the criteria indicated in Article II.19.1 of the Grant Agreement.

Equipment

This budget heading may be used to support the purchase of equipment on the condition that such equipment is not ineligible and is directly relevant to the objectives of the project.

Considering the particular nature of the Capacity Building action under the Erasmus+ programme, the total purchase cost of the equipment will be taken into account and not the equipment's depreciation. Therefore, equipment costs will be reimbursed on the basis of the eligible costs actually incurred.

Equipment is intended exclusively for the Partner Country Higher Education Institutions (as defined in the Programme Guide) which are included in the Partnership where it must be installed as soon as practically possible. Under no circumstances may equipment be purchased for any Programme Country institution/organisation or for non-higher education institutions in the Partner Countries. The equipment must be recorded in the inventory of the institution where it is installed; this institution is the sole owner of the equipment. All equipment purchased with the Erasmus+ CBHE funds must bear an Erasmus+ sticker provided by the Agency.

Equipment should be instrumental to the objectives of the project and should therefore be purchased at the beginning of the project implementation period, at the very latest before the start of the 3rd year of the project lifetime.

VAT is not considered as an eligible project cost. Therefore, the measures for the exemption should be launched sufficiently in advance to the purchase of the equipment.

Compared to the equipment as specified in the original application, minor adaptations in terms of quantity and product in the purchased equipment can be accepted without prior authorisation provided that the budgetary ceilings are respected, the corresponding equipment items are eligible, the modification can be justified and is related with the project objectives.

In case of significant changes of the equipment to be purchased compared to the equipment as specified in the original application, prior written authorisation from the Agency should be given during project implementation.

In any case of doubt, the Coordinator shall contact the Agency and ask for prior written approval based on clear justifications. It is the responsibility of the Partnership to ensure that in case approval is given, the purchased items comply with the eligibility criteria since the verification of the eligibility of the specific equipment items will only be carried out following the submission of the final report.

The total expenses for Equipment may not exceed 30% of the maximum Grant as specified in Article I.3 of the Grant Agreement.

Supporting documents:

For the purpose of any financial evaluation and/or audit, Beneficiaries will have to retain with the project accounts the following supporting documents:

- Invoice(s) and bank statement(s) for all purchased equipment (order forms, pro-forma invoices, quotations or estimates are not considered as proof of expenditure).
- Documentation of the tendering (if applicable)
- Proof that the equipment is recorded in the inventory of the institution.
- Photographs of the installed Equipment (in case of hardware)

Subcontracting

Subcontracting refers to the implementation of specific tasks being part of the action, by a third party, to which a service contract has been awarded by one or several Beneficiaries. Subcontracting is intended for specific, time-bound, project-related tasks which cannot be performed by the Partnership members themselves. It includes self-employed / free-lance experts. Sub-contracting to external bodies should be very occasional. The specific competences and particular expertise needed to reach the project objectives should be found in the Partnership and should determine its composition. Sub-contracting for project-management related tasks is therefore not eligible.

Subcontracting costs will be reimbursed on the basis of the eligible costs actually incurred (actual costs).

In all cases, the tasks to be subcontracted must have been identified in the proposal (based on relevant supporting information, along with clear reasons as to why the task cannot be carried out by the Beneficiaries) and the estimated amount entered in the budget. Sub-contracting initially not foreseen in the budget will need prior written authorisation from the Agency during project implementation.

Subcontracting must be done on the basis of a contract, which should describe the specific task being carried out and its duration. It must include a date, project number and the signature of both parties. Beneficiaries and their staff members are not allowed to operate in a subcontracting capacity for the project.

The actual travel costs and costs of stay related to subcontracted service providers have to be declared under the subcontracting budget heading and be justified and documented.

The total expenses for Subcontracting may not exceed 10% of the maximum Grant as specified in Article I.3 of the Grant Agreement.

Supporting documents:

For the purpose of any financial evaluation and/or audit, Beneficiaries will have to retain with the project accounts the following supporting documents:

- Invoices, subcontracts and bank statements.
- Documentation of the tendering (if applicable)
- In the case of travel activities of subcontracted service provider, copies of travel tickets, boarding passes, invoices and receipts, or for car travel a copy of the internal regulations on the reimbursement rate per km. The aim of the supporting documentation is to demonstrate that the activities took place.
- Tangible outputs/products.

In addition, the declared costs must be identifiable and verifiable, in particular being recorded in the accounting system of the Beneficiary.

Tendering procedure

Even though a tendering procedure is only mandatory (according to EC regulations) if the value of the contract exceeds 25.000 euros, it is highly recommended as a good practice to obtain competitive offers from at least three suppliers and retain the one offering best value for money, observing the principles of transparency and equal treatment of potential contractors and taking care to avoid conflicts of interests.

Internal regulations and national legislations must be observed.

Taxes (VAT, duties and charges)

Any expenditure including VAT, duties and charges (such as customs and import duties) are not eligible unless the Coordinator can provide an official document from the competent authorities proving that the corresponding costs cannot be recovered. In any case, taxes and duties have to be treated in accordance with the tax exemption agreement, signed between the European Union and the Partner Country for which the equipment or services are destined.

Upon request, the Coordinator can obtain a certificate stating that the acquisition, delivery and installation of equipment and the provision of services in the Partner Countries are exempt from taxes, duties and charges if a Common Framework Agreement has been signed between the European Commission and the Partner Country. This document should normally be sufficient to obtain a tax exemption.

If necessary, further information and/or assistance can be requested to the National Erasmus+ Offices in the Partner Countries concerned.

The certificate cannot be used to purchase equipment or services exempt from taxes (including VAT) within the European Union. However, equipment purchased within the EU with a view to

being immediately exported to Partner Countries in the framework of the Capacity Building Projects may be exempted from taxes (including VAT), duties and charges in accordance with the normal rules.

Exchange rate

Requests for payment and financial statements must be drafted in euros.

Beneficiaries and affiliated entities with general accounts in a currency other than the euro must convert costs incurred in another currency into euros at the average of the daily exchange rates published in the C series of the Official Journal of the European Union, determined over the corresponding reporting period (available at https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html). If no daily euro exchange rate is published in the Official Journal of the European Union for the currency in question, conversion must be made at the average of the monthly accounting rates established by the Commission and published on its website (https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en), determined over the corresponding reporting period.

Beneficiaries and affiliated entities with general accounts in euros must convert costs incurred in another currency into euros in accordance with their usual accounting practices.

Final Grant

Calculation of the Final Grant

The Grant may not exceed the maximum amount authorised in the Grant Agreement (Article I.3 and Article II.25.2) and the Beneficiaries may not, in any circumstance, make a profit from it (Article II.25.3).

The amount of the final Grant will be determined following examination of the final financial statements and the related verification of the eligibility of the activities implemented and declared expenses. Declared unit costs/expenses that will be identified as ineligible in line with the provisions of the Grant Agreement will be deducted from the total amount declared.

The analysis of the Final Financial Statement may lead to a request for reimbursement of a certain amount.

Approval of the final Grant and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains. This can be subject of further control and audits.

The amount of the balance shall be determined by deducting from the final amount of the Grant, the total amount of pre-financing(s) already made.



Penalties related to the implementation of the action

Penalties in the case of non-compliance with publicity obligations

According to Article I.15 and Article II.8 of the Grant Agreement, the obligation to comply with the publicity provisions constitutes a substantial obligation. Without prejudice to the right to terminate the Grant, in case of failure to fulfil this obligation, the Agency may apply a 20% reduction of the Grant initially provided for.

Penalties in the case of poor, partial or late implementation of the action

According to Article I.18 of the Grant Agreement, the Agency may reduce the Grant initially provided if the action is implemented poorly, partially or late.

Such penalties shall be applied in case the final technical report provides evidence that the project implementation was not addressed with the required attention and according to the terms laid down in the Grant Agreement.

The score will vary from 0 to 100, where 0 is the lower mark and 100 the highest. Where the rating falls between 0 and 50, a reduction of EU Grant initially provided to the Partnership will be implemented according to the following scale:

25% reduction if the final report scores at least 40 points and below 50 points;

35% reduction if final report scores at least 30 points and below 40 points;

55% reduction if the final report scores at least 20 points and below 30 points;

75% reduction if the final report scores below 20 points.